

**ORIGINAL**

**Response to AZCC Data Request of 12/23/2009**



0000109695

Docket #W-20637A-08-0560

March 30, 2009

RECEIVED  
2009 APR - 1 P 1:40  
REGISTRATION CONTROL

Following are responses to AZCC Staff's Second Set of Data Requests of December 23, 2009:

**KS 2-1 Legible Copy of Original CC&Rs.**

See Exhibit B. This is a direct copy from the County Recorder.

**KS 2-2 Legal enforceability of CC&Rs.**

I stated that the CC&Rs are not enforced due to lack of a homeowners association. I believe that they are enforceable by individual lot owners in the Cup of Gold subdivisions who feel they have been harmed by noncompliance with the CC&Rs. See Exhibit H, including Point #5 of the COGWC President letter to water customers. I am not aware of any particular circumstance where CC&R legal action or adjudication by a lot owner(s) against another(s) has occurred.

**KS 2-3, KS 2-4, KS 2-5 Original CC&Rs and their enforcement.**

The original CC&Rs were created in 1955 (Exhibit <sup>B</sup>A) by Helen Frye, deceased, who developed the Cup of Gold subdivisions from land that she owned. The Cup of Gold Water Company (COGWC) facilities were built on Lot X beginning in 1955. The original CC&Rs empowered the "owner of Lot X" to enforce the CC&Rs (see provisions 3, 4, 10). Helen Frye did not convey Lot X to COGWC until 1969. It is unknown if Helen Frye acted singularly to enforce the original CC&Rs. The 1970 versions of the CC&Rs (Exhibit C) substituted COGWC for "owner of Lot X" as enforcer. COGWC was not obligated to assume the role of CC&R enforcement (see Exhibit I, page 1, last paragraph), and today it is widely believed that the COGWC never assumed that role. A property owner's association (POA) was first created in 1987 (Exhibit A) and lasted about 3 years. No efforts to recreate a POA have commenced since 1989. Each purchaser of a home or lot acknowledges in writing a receipt of a copy of the CC&Rs from the title company. In the recently restated CC&Rs (Exhibit D) the reference to COGWC as reviewer of plans and restrictions of the CC&Rs was replaced with a generic, non existing "association empowered to enforce the restrictions herein" because the COGWC does not intend to perform this function.

**KS 2-6 Renewal of Articles of Incorporation.**

The Articles of Incorporation were renewed in 1980 (Exhibit M), then amended in 1987 (Exhibit J), at which time their term was extended to "in perpetuity". A record of chronological changes to the Articles exists on the Corporation Commission's database, partly accessible via the website.

Submitted by:

Ronald G. Mohney

President, Cup of Gold Water Company

Arizona Corporation Commission

**DOCKETED**

APR -1 2010

DOCKETED BY [Signature]

## **Response to Judge Kinsey Directives**

Docket #W-20637A-08-0560

March 30, 2010

Following are responses to Judge Kinsey's directives of December 23, 2009:

### **(i). Application submission by non-profit homeowners association.**

See Exhibit A. The Cup of Gold Property Owner's Association (POA) was incorporated on 11/04/87. Refer to the 12/2/87 attorney's letter and page 1 of Articles of Incorporation showing filing. It was revoked on 09/10/90 after a series of internal disputes led the officers of the POA to call for its disbandment. Before and since then no other homeowners association has existed. The Cup of Gold Water Company, Inc. (COGWC), however, is represented by all property owners in the adjudication area as stated in the *Cup of Gold subdivisions' 1955 formation lot restrictions or CC&Rs (Exhibit B)* as updated in 1970 (Exhibit C) and most recently in 2010 (Exhibit D) to comply with the adjudication mandates. The wording of the 1970 CC&Rs (Exhibit C), which were in effect until 2010, clearly provides for the COGWC to act in the capacity of a POA. Although the COGWC never functioned as a POA, it has been in continuous operation since 1955 representing all Cup of Gold lot owners' water-related interests. The COGWC contends that it is competent and adequate to act as a substitute for a POA in this adjudication. No other association exists that can represent all lot owners in the Cup of Gold subdivisions.

### **(ii). Representation by majority as shown by petition.**

Of the 39 lots, 3 are owned by the nonvoting COGWC and 3 are owned by one couple who cast a single vote per requirement that no one have more than one vote. Therefore, only 34 votes are eligible. During the petition process Lot 25 was repossessed and Lot 22 was held by the Desert Hills Bank from a repossession but the bank was closed by the FDIC on March 26<sup>th</sup>. Successor ownership contact for these lots could not be established for the petition drive. COGWC has to date received 23 petition votes supporting the adjudication process, or 67%. No votes against the application have been received. Petitions are shown in Exhibit L.

### **(iii). Ownership of necessary assets.**

COGWC has title to the property (Lot X) on which all of the major Water Company assets exist, including well, storage tank and pumps. See Exhibit E. All property is unencumbered.

### **(iv). Equal voting rights; all members are customers.**

The COGWC Board of Directors has passed restated Bylaws (Exhibit F, Article XII) and Amended Articles of Incorporation (Exhibit G, Article XII) that mandate compliance with this directive, together with the restated CC&Rs (Exhibit D, Provision 15). The first sentence of the 2010 CC&Rs, Article III of the

1987 Amendments to the Articles of Incorporation (Exhibit M) as well as Article II of the Bylaws establish membership as all lot owners of the Cup of Gold Subdivision.

**(v). Service area**

The AZCC staff has established the legal boundaries of the service area (the three Cup of Gold subdivisions), which exists in an unincorporated area of Yavapai County. It is not within the service area of a municipal utility or Public Service Corporation. The only nearby water company is Cross Creek Ranch, which could not practically serve us due to its location across Oak Creek. The Cross Creek Ranch water company had its Certificate of Convenience and Necessity revoked in March of 2010 (Docket W-20619A-08-0470), so they are no longer a Public Service Corporation. Article XI of the recently restated COGWC Bylaws (Exhibit F) prohibits outside water companies from serving our members.

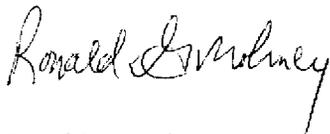
**(vi). Prohibition against further subdivision**

The CC&Rs (Exhibit D Provision 2) prohibit subdivision. The COGWC Bylaws (Exhibit F Article XII) specifically limit membership to the current maximum of 39, which is the number of parcels currently existing in the Cup of Gold subdivisions. This is effectively a water restriction against subdivision. The original CC&Rs provided for the further division of a specific parcel, Lot 13, (Exhibit B, Provision 2) which was completed many years ago. In the 55 years that the Cup of Gold subdivisions have been in existence there has been no other subdivision of a parcel or attempt to do so. Cup of Gold's terrain is extremely hilly. It is easy to see why the lots were laid out as they were. As a practical matter it is unlikely that a viable second lot could be created from most of the few parcels whose size would permit further division under Yavapai County zoning.

**(vii). Limited membership**

See restated Bylaws (Exhibit F Article XII).

Submitted by:



Ronald G. Mohney

President, Cup of Gold Water Company

**Exhibit A**

**Property Owner's Association**

**Creation/Dissolution**

BARRY B. CLINE

LAW OFFICES  
BARRY B. CLINE, P. C.  
101 FIRST INTERSTATE BANK BUILDING  
POST OFFICE BOX 29  
PRESCOTT, ARIZONA 86302

TELEPHONE (602) 445-8020

December 2, 1987

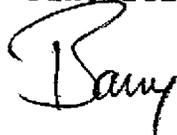
Mr. Robert F. Pammler  
Cup of Gold Property Owners'  
Association  
Post Office Box 679  
Sedona, AZ 86336

Dear Bob:

This is to advise you that Cup of Gold Property Owners' Association is now in existence, and was incorporated effective November 4, 1987. Consequently, the Board of Directors of this corporation can now commence doing business.

I will still, of course, have to complete the incorporating procedure, including publication of Articles of Incorporation, etc.

Sincerely yours,



BARRY B. CLINE

BBC:tka

AZ. CORP. COMMISSION  
FOR THE STATE OF AZ.  
FILED

Nov 4 3 12 PM '87

APPR Ethan Thomas  
DATE APRR/1-25-87  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_ TIME \_\_\_\_\_

ARTICLES OF INCORPORATION

OF

200236

CUP OF GOLD PROPERTY OWNERS' ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we hereby adopt these Articles of Incorporation for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona:

Article I. Incorporators. The name and address of each incorporator is:

Robert F. Pammler  
Star Route 2, Box 906  
Sedona, Arizona 86336

Robert A. Lopez  
Star Route 2, Box 895  
Sedona, Arizona 86336

Millicent Leenhouts  
Post Office Box 915  
Sedona, Arizona 86336

Peggy C. Brown  
Star Route 2, Box 907  
Sedona, Arizona 86336

Alex Goodman  
Post Office Box 3406  
West Sedona, Arizona 86340

Article II. Name. The name of the corporation is Cup of Gold Property Owners' Association.

Article III. Purposes and Initial Business. The purposes for which the corporation is organized include any or all lawful affairs for which corporations may be incorporated under Chapter 5 of Title 10, Arizona Revised Statutes, as amended from time to time. The character of affairs which the corporation initially intends actually to conduct in the State

REMIT TO: P.O. BOX 6019, PHX., AZ 85005  
**ARIZONA CORPORATION COMMISSION**

INCORPORATING DIVISION  
1200 W. WASHINGTON ST. 402 W. CONGRESS  
PHX., AZ. 85007 TUCSON, AZ. 85701  
542-3548 628-6560

## CERTIFICATE OF REVOCATION

PRESORTED  
FIRST CLASS MAIL  
U.S. POSTAGE PAID  
PHOENIX, ARIZONA  
Permit No. 621

DATE OF REVOCATION SEPTEMBER 10, 1990

FIRST CLASS MAIL

CUP OF GOLD PROPERTY OWNERS'  
ASSOCIATION  
FILE NO. 2002368

REVOKED-FILE ANNUAL REPORT

The Arizona Corporation Commission, pursuant to Arizona Revised Statutes, (Section 10-095, Profit-Section 10-1052, Non-Profit), HEREBY REVOKES THE FILING by the above named corporation of its' Articles of Incorporation for the above stated reason.

The effective date of this revocation appears above the name of the corporation.

Statutory Ref: A.R.S. 10-095 & 10-1052.

ABCA Form No. 48D - 7/76 (Domestic)

REVOCATION SECTION

AR: 0056 REV. 1/89

CUP OF GOLD PROPERTY OWNERS'  
ASSOCIATION  
PO BOX 679  
SEDONA

AZ 86336



**Exhibit B**

**1955 CC&Rs**

I do hereby certify that the within instrument was filed and recorded at request of  
 on March 23 A.D. 1955 at 10:30 o'clock a M. Book 46 Official Records  
 Page 339-340-341 Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK C. BAUER, County Recorder.

By Thomas J. Gumbach Deputy

DECLARATION OF RESTRICTIONS ON LOTS IN  
 CUP OF GOLD ESTATES

KNOW ALL MEN BY THESE PRESENTS: That HELEN VARNER FRYE, being the owner of all of the following described premises situate within the County of Yavapai, State of Arizona, to-wit:

All of Cup of Gold Estates Subdivision as shown on the plat thereof recorded the 23rd day of March, 1955, in Book 5 of Plats at Page 96, records of Yavapai County, Arizona, being in and a part of a portion of the NW $\frac{1}{4}$  of Section 33, T17N, R5E, C&SRE&M, Yavapai County, Arizona,

and desiring to establish the nature of the use and enjoyment thereof, does hereby declare and impose upon all lots and tracts in said subdivision and upon the owners thereof the following covenants, restrictions and obligations:

1. The property must be cleared and kept clear of all dead brush and other debris. No trash, garbage or refuse may be burned on the premises nor dumped on the premises or in any ditch or water course within or adjoining the premises and all garbage and trash containers shall be kept inside a building or underground. Coal or coke shall not be used as fuel or otherwise burned on the premises. Any lily ponds or other outside pools of water allowed to exist on the premises must be kept free of mosquitos and larvae. Any clothes lines existing on the premises must be so placed as to be concealed from view from lots or other public ways and from adjoining lots.

2. No more than one residence and studio and one guest house may be erected on any one lot. No lot or tract shall be subdivided into smaller parcels, except Lot No. 13, which may be further subdivided into not more than three parcels.

3. Plans of all proposed improvements on said property, including landscaping, must be submitted to and approved by the owner or owners of Lot X as shown on the plat of said subdivision before any such improvements are commenced. In connection with any new construction of either a residence, guest house or other major building on any of said lots, the overall design, type and style of construction shall be designated and prepared by the Egyptian Artist and Sculptor, Nassan Abiskhairoun or in the event of the death, removal from the area or inability to act of the said Nassan Abiskhairoun, by the owner of said Lot X or such architect as may be designated by said owner of Lot X and all such new construction and repairs to and future repairs to or remodeling of any building on said premises shall be of such type, style and colors as will fit in and blend with the landscape and other construction in the subdivision. No white, silver or metallic roofs or awnings shall be erected or maintained on the premises. All structures on said lots shall be of new construction and no building shall be moved from any other location onto any of said lots nor shall any tent or house trailer be allowed upon any of said lots.

4. All fencing shall be of rails, stained wood, or rock and the design thereof shall be submitted to and approved by the owner or owners of Lot X before construction thereof.

5. No dwelling shall be erected which contains less than 1000 square feet of ground floor area, exclusive of such part of a building, either attached or not, as is used for a garage and also exclusive of porches or patios.

6. No temporary residence shall be located on any lot except during the period of actual construction of a permanent dwelling and in no event shall any such temporary residence remain on any lot for more than six (6) months.

7. Toilets must be flush type with septic tank and all sanitary facilities shall conform to the requirements of the Arizona State Board of Health; provided however, that temporary outside toilets may be erected and maintained during actual construction of permanent living accommodations only but for a period of not to exceed six (6) months. Any and all toilet and septic tank and cess pool facilities must be constructed and maintained in such a manner as to allow no drainage whatever into Oak Creek.

8. No building or any portion thereof, shall be situated within twenty (20) feet of any property line.

9. No farming may be carried on on any of said lots and no livestock or poultry shall be kept thereon; provided, however, that the owner of any lot may keep household pets and saddle horses for his own use on his lot so long as he shall maintain them under sanitary conditions and restrain them from trespassing on other lots.

10. Said property shall not be used for any business or commercial purposes, except that professional offices and fine arts studios may be maintained in homes. No signs shall be permitted on said premises except such as are for the identification of homes and owners and any such signs must be approved by the owner of the said Lot X.

11. Chimneys and flues shall be of cement, brick or stone and shall comply with the Fire Underwriters Code.

12. All exterior electrical wiring, with the exception of main trunk lines, shall be underground.

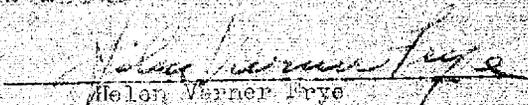
13. The owner of each Lot shall receive and shall accept, for each Lot one membership share in The Cup of Gold Water Company, Incorporated, a non-profit corporation, which shares shall attach to and run with the land, and each such owner and the land owned by him shall be subject to all the obligations contained in the Articles of Incorporation, By-Laws, regulations, and all lawful acts of the membership or directors of said corporation with respect to the central water supply or system for the furnishing of water to said Lots. The owner of each Lot shall be responsible, at his own expense, for the installation and maintenance of the pipeline or lines serving such Lot.

The foregoing covenants, restrictions and obligations run with the land and shall be binding on all owners of said lots and all persons claiming under them until February 15, 1965, at which time they shall be automatically extended for successive periods of ten years each, unless by a majority of the then owners of the lots it is agreed to change them in whole or in part.

If there should be a violation or threatened or attempted violation of any of said restrictions, it shall be lawful for any other person or persons owning any of said lots in this subdivision to prosecute any proceeding at law or in equity against the person or persons violating or attempting or threatening to violate any of said restrictions, and to either restrain or enjoin such violation or to recover damages or other dues for such violation.

Should any of the restrictions herein contained be held to be invalid or void, such invalidation or voidness of any such restrictions shall in no way affect the validity of the rest of the restrictions.

IN WITNESS WHEREOF, the said HELEN VARNER FRYE has hereunto set her hand this 15 day of February, 1955.

  
Helen Varner Frye

STATE OF ARIZONA :  
: ss.  
County of Coconino:

On this, the 15 day of February, 1955, before me,

L. W. M. [Signature], the undersigned officer, personally appeared HELEN VARNER FRYE, known to me to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



  
Notary Public

Commission Expires: February 1957

Exhibit C

1970 CC&Rs

STATE OF ARIZONA, County of Yavapai--ss.

16409

I do hereby certify that the within instrument was filed and recorded at the request of L. E. Morgan  
on July 7 A.D., 1970 at 9:35 o'clock a. M. Book 607 Official Records  
Page 577-578-579 Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

INDEXED

RECORDED

NORMA R. MARQUART, County Recorder

By Paul Ethelberg Deputy

DECLARATION OF RESTRICTIONS ON LOTS IN

ALL OF THE CUP OF GOLD ESTATES,

THE SOUTH CUP OF GOLD ESTATES,

AND

THE EAST CUP OF GOLD ESTATES.

KNOW ALL MEN BY THESE PRESENTS: That the Cup of Gold Water Co., Inc., an Arizona corporation, whose members are solely and entirely the owners of the lots in the Cup of Gold Estates, the South Cup of Gold Estates, and the East Cup of Gold Estates subdivisions, being the owner of the following described premises situated within the County of Yavapai, State of Arizona, to-wit:

Lot X of the Cup of Gold Estates Subdivision, as shown on the plat thereof as recorded in the records of Yavapai County, Arizona, being in and a part of the W-1/2 of Section 33, T 17 N, R 5 E, G&SRB&M, Yavapai Co., Arizona,

and desiring to establish the nature of the use and enjoyment of all the lots of the Cup of Gold Estates, The South Cup of Gold Estates, and the East Cup of Gold Estates subdivisions, all situated within the W-1/2 of Section 33, T 17 N, R 5 E, G&SRB&M, and being empowered to do so by virtue of the provisions contained in the original restrictions on these subdivisions and the articles of incorporation and the by-laws of the Cup of Gold Water Co., Inc., having acted at a special meeting held for the purpose on May 26, 1970, does hereby declare and impose upon all lots and tracts in said subdivisions and upon the owners thereof the following covenants, restrictions and obligations:

- 1) The property must be kept clear of trash and debris. No trash, garbage or refuse may be burned on the premises nor dumped on the premises or in any ditch or water course within or adjoining the premises and all garbage and trash containers shall be kept inside a building or underground, or hidden from public view. Coal or coke shall not be used as fuel or otherwise burned on the premises. Any lily ponds or other outside pools of water allowed to exist on the premises must be kept free of mosquitoes and larvae. Any clothes lines existing on the premises must be so placed as to be concealed from view from lots or other public ways and from adjoining lots.
2. No more than one residence and studio and one guest house may be erected on any one lot. No lot or tract shall be subdivided into smaller parcels.
3. Plans of all proposed improvements on said property, including landscaping, must be submitted to and approved by the Cup of Gold Water Co., Inc., before any such improvements are commenced. In connection with any new construction of either a residence, guest house or other building on any of said lots, the overall design, type and style of construction shall be approved by the Cup of Gold Water Co., Inc., and all such new construction and repairs to and future repairs to or remodeling of any building on said premises shall be of such type, style and colors as will fit in and blend with the landscape and other construction in the subdivisions. No white, silver or metallic roofs or awnings shall be erected or maintained on the premises. All structures on said lots shall be of new construction and no building shall be moved from any other location onto any of said lots, nor shall any tent or house trailer be allowed upon any of said lots for use as a residence. Small travel or camping trailers shall be kept inside a suitable structure. The exterior of all dwellings and other structures upon which construction has started shall be completed promptly.
4. All fencing shall be of rails, stained wood, or rock, and the design thereof shall be submitted to and approved by the Cup of Gold Water Co., Inc., before construction thereof.
5. No dwelling shall be erected which contains less than 1,500 square

feet of floor area, exclusive of such part of a building, either attached or not, as is used for a garage and also exclusive of porches and/or patios. The Cup of Gold Water Co., Inc., may approve dwellings of no less than 1,000 square feet which, in its judgement, commend themselves by the attractiveness of their architectural design, and meet with all other requirements of these restrictions.

6. No building or any portion thereof shall be situated within twenty (20) feet of any property line.

7. No farming may be carried on on any of said lots and no livestock or poultry shall be kept thereon; provided, however, that the owner of any lot may keep household pets and saddle horses for his own use on his lot so long as he shall maintain them under sanitary conditions and restrain them from trespassing on other lots.

8. Said property shall not be used for any business or commercial purposes, except that fine arts studios may be contained and maintained in homes. No signs shall be permitted on said premises except such as are for the identification of homes and owners and any such signs must be approved by the Cup of Gold Water Co., Inc. Said property shall not be used for camping.

9. All exterior electrical wiring, telephone wiring, and television cable, with the exception of main trunk lines, shall be underground. Television antennas and other such tall visible structures shall be subject to the approval of the Cup of Gold Water Co., Inc., before installation.

10. The owner of each lot shall receive and shall accept, for each lot, one or more membership shares in the Cup of Gold Water Co., Inc., a non-profit corporation, as designated in the by-laws thereof, which shares shall attach to and run with the land, and each such owner and the land owned by him shall be subject to all the obligations contained in the Articles of Incorporation, By-Laws, regulations, and all lawful acts of the central water supply or system for the furnishing of water to said lots. The owner of each lot shall be responsible, at his own expense, for the installation and maintenance of the pipeline or lines serving such lot, which installation must be approved by the Cup of Gold Water Co., Inc., and a meter of a type approved by the Cup of Gold Water Co., Inc., to accurately measure and record in U.S. gallons the amount of water used.

11. The foregoing covenants, restrictions and obligations run with the land and shall be binding on all owners of said lots and all persons claiming under them until February 15, 1980, at which time they shall be automatically extended for successive periods of ten years, each, unless by a majority of the then owners of the lots it is agreed to change them in whole or in part.

12. Variances from any of these restrictions may be approved by the Cup of Gold Water Co., Inc., upon application thereto, providing that such variances are for good reason and are not to the detriment of the general good of the subdivisions.

13. If there should be a violation or threatened or attempted violation of any of these said restrictions, or if the granting or refusal of a variance under paragraph 12 above should cause a grievance, the person or persons so grieved or any other person or persons owning any of said lots in these subdivisions shall present the grievance or complaint to a board, commission, or committee appointed for the purpose by the Cup of Gold Water Co., Inc. The said board, commission or committee shall hold a hearing to determine the merit of the said grievance or complaint, and shall hear the arguments of all parties concerned thereat, after which it shall issue a decision and any restraining, enjoining, or other orders necessary to enforce the decision which shall be binding upon all parties concerned. Should an appeal from any said decision be desired, it shall be lawful for any person or persons owning any of said lots in these subdivisions to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate any of said restric-

tions, or to force the granting of a variance, and to either restrain or enjoin such violation or to recover damages or other dues for such violation.

14. Should any of the restrictions herein contained be held to be invalid or void, such invalidation or voidance of any such restrictions shall in no way affect the validity of the rest of the restrictions.

IN WITNESS WHEREOF, the said Cup of Gold Water Co., Inc., has hereunto set its Corporate seal this 12<sup>th</sup> day of June, 1970.

Les Morgan  
Les Morgan, President

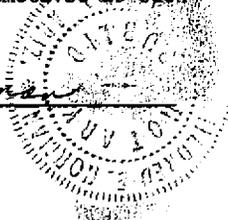
Cecil J. Lockhart-Smith  
Cecil J. Lockhart-Smith, Secretary



STATE OF ARIZONA }  
COUNTY OF Yavapai } ss.

On this 12<sup>th</sup> day of June, 1970, before me, a Notary Public in and for said County and State, personally appeared Les Morgan and Cecil J. Lockhart-Smith, known to me to be the President and Secretary of the Cup of Gold Water Company, Incorporated, and that they, as such officers, being authorized to do so, executed the foregoing instrument for the purposes therein set forth, by signing the name of the corporation by themselves as such officers.

Mildred E. Norman  
Notary Public



My Commission expires:  
My Commission Expires March 17, 1974

**Exhibit D**

**2010 CC&Rs**

DECLARATION OF RESTRICTIONS ON LOTS IN  
ALL OF THE CUP OF GOLD ESTATES, AMENDED  
THE SOUTH CUP OF GOLD ESTATES,  
AND  
THE EAST CUP OF GOLD ESTATES.

**KNOW ALL MEN BY THESE PRESENTS:** That the Cup of Gold Water Company, Inc., an Arizona corporation, whose members are solely and entirely the owners of the lots in the Cup of Gold Estates, the South Cup of Gold Estates, and the East Cup of Gold Estates subdivisions, being the owner of the following described premises situated within the County of Yavapai, State of Arizona, to-wit:

Lot X of the Cup of Gold Estates Subdivision, as shown on the plat thereof as recorded in the records of Yavapai County, Arizona, being in and a part of the W-1/2 of Section 33, T 17 N, R 5 E, G&SRB&M, Yavapai Company, Arizona,

and desiring to establish the nature of the use and enjoyment of all the lots of the Cup of Gold Estates, the South Cup of Gold Estates, and the East Cup of Gold Estates subdivisions, all situated within the W-1/2 of Section 33, T 17 N, R 5 E, G&SRB&M, and being empowered to do so by virtue of the provisions contained in the original restrictions on these subdivisions and the articles of incorporation and the by-laws of the Cup of Gold Water Company, Inc., having acted at a special meeting held for the purpose on February 25, 2010, does hereby declare and impose upon all lots and tracts in said subdivisions, and upon the owners thereof the following covenants, restrictions and obligations:

1. The property must be kept clear of trash and debris. No trash, garbage or refuse may be burned on the premises nor dumped on the premises or in any ditch or water course within or adjoining the premises and all garbage and trash containers shall be kept inside a building or underground, or hidden from public view. Coal or coke shall not be used as fuel or otherwise burned on the premises. Any lily ponds or other outside pools of water allowed to exist on the premises must be kept free of mosquitoes and larvae. Any clothes lines existing on the premises must be so placed as to be concealed from view from lots or other public ways and from adjoining lots.
2. No more than one residence and studio and one guest house may be erected on any one lot. No lot or tract shall be subdivided into smaller parcels.
3. Plans of all proposed improvements on said property, including landscaping, must be submitted to and approved by the association empowered to enforce the restrictions herein before any such improvements are commenced. In connection with any new construction of either a residence, guest house or other building on any of said lots, the overall design, type and style of construction shall be approved by the association empowered to enforce the restrictions herein, and all such new construction and repairs to and future repairs to or remodeling of any building on said premises shall be of such type, style and colors as will fit in and blend with the landscape and other construction in the subdivisions. No white, silver or metallic roofs or awnings shall be

erected or maintained on the premises. All structures on said lots shall be of new construction and no building shall be moved from any other location onto any of said lots, nor shall any tent or house trailer be allowed upon any of said lots for use as a residence. Small travel or camping trailers shall be kept inside a suitable structure. The exterior of all dwellings and other structures upon which construction has started shall be completed promptly.

4. All fencing shall be of rails, stained wood or rock and the design thereof shall be submitted to and approved by the association empowered to enforce the restrictions herein before construction thereof.
5. No dwelling shall be erected which contains less than 1,500 square feet of floor area, exclusive of such part of a building, either attached or not, as is used for a garage and also exclusive of porches and/or patios. The association empowered to enforce the restrictions herein may approve dwellings of no less than 1,000 square feet which, in its judgment, commend themselves by the attractiveness of their architectural design and meet with all other requirements of these restrictions.
6. No building or any portion thereof shall be situated within twenty (20) feet of any property line.
7. No farming may be carried on any of said lots and no livestock or poultry shall be kept thereon; provided, however, that the owner of any lot may keep household pets and saddle horses for his own use on his lot so long as he shall maintain them under sanitary conditions and restrain them from trespassing on other lots.
8. Said property shall not be used for any business or commercial purposes, except that fine arts studios may be contained and maintained in homes. No signs shall be permitted on said premises except such as are for the identification of homes and owners and any such signs must be approved by the association empowered to enforce the restrictions herein. Said property shall not be used for camping.
9. All exterior electrical wiring, telephone wiring, and television cable, with the exception of main trunk lines, shall be underground. Television antennas and other such tall visible structures shall be subject to the approval of the association empowered to enforce the restrictions herein before installation.
10. The owner of each lot shall receive and shall accept, for each lot, one membership share in the Cup of Gold Water Company, Inc., a non-profit corporation, as designated in the by-laws thereof, which shares shall attach to and run with the land and each such owner and the land owned by him shall be subject to all the obligations contained in the Articles of Incorporation, By-Laws, regulations, and all lawful acts of the central water supply or system for the furnishing of water to said lots. The owner of each lot shall be responsible, at his own expense, for the installation and maintenance of the pipeline or lines serving such lot, which installation must be approved by the Cup of Gold Water Company, Inc.
11. The foregoing covenants, restrictions and obligations run with the land and shall be binding on all owners of said lots and all persons claiming under them in perpetuity, unless by a majority of the owners of the lots it is agreed to change them in whole or in part.

12. Variances from any of these restrictions may be approved by the association empowered to enforce the restrictions herein, upon application thereto, providing that such variances are for good reason and are not to the detriment of the general good of the subdivisions.
13. If there should be a violation or threatened or attempted violation of any of these said restrictions, or if the granting or refusal of a variance under paragraph 12 above should cause a grievance, the person or persons so grieved or any other person or persons owning any of said lots in these subdivisions shall present the grievance or complaint to a board, commission, or committee appointed for the purpose by the association empowered to enforce the restrictions herein. The said board, commission or committee shall hold a hearing to determine the merit of the said grievance or complaint, and shall hear the arguments of all parties concerned thereat, after which it shall issue a decision and any restraining, enjoining, or other orders necessary to enforce the decision which shall be binding upon all parties concerned. Should an appeal from any said decision be desired, it shall be lawful for any person or persons owning any of said lots in these subdivisions to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate any of said restrictions, or to force the granting of a variance, and to either restrain or enjoin such violation or to recover damages or other dues for such violation.
14. Should any of the restrictions herein contained be held to be invalid or void, such invalidation or voidance of any such restrictions shall in no way affect the validity of the rest of the restrictions.
15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
  - a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Company agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

IN WITNESS WHEREOF, the said Cup of Gold Water Company, Inc. has hereunto set its Corporate Seal this 15 day of February, 2010.

**Exhibit E**

**Ownership of Water Company Property**

INDEXED

When recorded mail to:

Douglas E. Perkins  
 P. O. Box 874  
 Sedona, Arizona 86336

NORMA R. MARQUET, County Recorder  
Paul Etheridge Deputy

County-Recorder	Photostated:
Deputy-Recorder	Fee: \$
	I. R. S.: \$

## Warranty Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,

do hereby convey to

HELEN VARNER FRYE, a single woman,

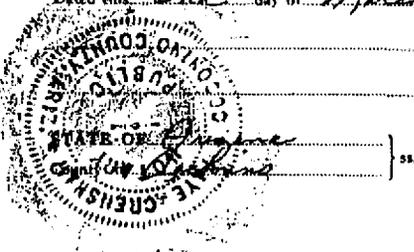
THE CUP OF GOLD WATER COMPANY, INC., an Arizona Corporation,  
 the following described property situated in Yavapai County, Arizona:

Lot X of the Cup of Gold Estates Subdivision in the Northwest 1/4 of Section 33, T 17 N, R 5 E, G&SR&M, as recorded in Book 5 of Maps at page 96 in the records of the County Recorder of Yavapai County, in Prescott, Arizona, including all improvements thereon and appurtenant thereto;

SUBJECT TO: All reservations contained in United States Patents of Record; and reserving unto said Helen Varner Frye and her heirs and assigns forever a perpetual easement and right-of-way over and across the surface of said Lot X for the sole purpose of access to Lot 6 of the same Subdivision in such a manner so as not to interfere with the normal usage of said Lot X.

And I or we do warrant the title against all persons whomsoever, subject to the matters above set forth.

Dated this 3rd day of March, 1969.



x Helen Varner Frye  
 Helen Varner Frye

This instrument was acknowledged before me this 3rd day of March, 1969, by Helen Varner Frye

Paul Etheridge  
 Notary Public.

My commission will expire 5-17-70

STATE OF \_\_\_\_\_ )  
 County of \_\_\_\_\_ ) ss.

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_

My commission will expire \_\_\_\_\_

Notary Public.

BOOK 542 PAGE 354

STATE OF ARIZONA, County of Yavapai—ss.  
 I do hereby certify that the within instrument was filed and recorded at the request of **ARIZONA TITLE & TRUST CO. OF YAVAPAI**  
 on August 12, A.D., 1970 at 2:30 o'clock P M. Book 612 Official Records  
 Page 860 Records of Yavapai County, Arizona.  
 WITNESS my hand and official seal the day and year first above written.

19669

NORMA R. MARQUART, County Recorder  
 By John C. Bailey Deputy

WHEN RECORDED, MAIL TO:  
 ARIZONA TITLE INSURANCE  
 AND TRUST COMPANY  
 Drawer 159  
 Sedona, Arizona 86336

Witness my hand and official seal:

County Recorder  
 Deputy Recorder

COMPARED  
 PHOTOSTATED  
 FEB 1971

Order No.

**QUIT-CLAIM DEED**

For the consideration of Ten and 00/100 Dollars, and other valuable considerations, I, or we,  
**Helen Varner Frye**

hercby quit-claim to **The Cup of Gold Water Co., Incorp.\*** (legal represent-  
 ative of all lot owners of the three parcel subdivision, known as  
 East Cup of Gold, South Cup of Gold & Cup of Gold Estates) County, Arizona:  
 all right, title, or interest in the following described real property situate in

Tract A, East Cup of Gold Estates Subdivision  
 and  
 Tract 34, South Cup of Gold Estates Subdivision  
 both tracts located in  
 W/2 Sec. 33, T 17 N, R 5 E, G&SRB&M, as describ-  
 ed in records at the Court House, Yavapai County,  
 Prescott, Arizona.

Dated this 26 day of June 1970

Helen Varner Frye

STATE OF ARIZONA  
 County of Cocconino ss.

This instrument was acknowledged before me this 26 day of

June 1970 by  
Helen Varner Frye

My Commission Expires June 25, 1973  
 My commission will expire

John C. Bailey  
 Notary Public

STATE OF ARIZONA  
 County of \_\_\_\_\_ ss.

This instrument was acknowledged before me this \_\_\_\_\_ day of  
 \_\_\_\_\_ 19\_\_\_\_ by

My commission will expire

Notary Public

ATI Form 6054

**Exhibit F**

**Restated Water Company Bylaws**

**Cup of Gold Water Company  
PO Box 679, Sedona, AZ 86336**

**Reference:  
Book 42 of Official Records  
Pages 289 – 294  
Records of Yavapai County, Arizona**

**AMENDMENT TO AND THE ENTIRE RESTATEMENT OF  
THE BY-LAWS OF CUP OF GOLD WATER COMPANY, INC.**

**ARTICLE I  
OFFICES**

Section 1. OFFICES. The registered office of the corporation in Arizona as required pursuant to Arizona law shall be located at the office of its statutory agent (unless otherwise designated, from time to time, in the corporations articles of incorporation, then in effect). The corporation may maintain other offices as the Board of Directors may designate or as the business of the corporation may require from time to time. The mailing address of the corporation shall be Post Office Box 679, Sedona, Arizona 86339.

**ARTICLE II  
MEMBERS**

**Revised on 2/15/10 by Ronald G. Mohny, President:**

Section 1. QUALIFICATIONS. The Members of the corporation shall be all of the Lot Owners of the Cup of Gold subdivisions. There shall be one membership for each Lot. If there is more than one person who has an ownership interest in a Lot, the membership in the corporation attributed to such Lot shall be deemed to be owned by such persons in the same proportion to their ownership or interest in the Lot. If a person owns more than one Lot, such person shall have a membership for each Lot owned. Each Lot Owner shall automatically become a Member of the corporation upon becoming a Lot Owner and shall remain a Member until such time as his, her or its ownership in the Lot ceases. In terms of voting, each distinct lot owning person(s) or entity is deemed a single water company customer whether or not there is an active water connection and regardless of the number of persons owning the lot(s) or living in a house on a lot(s).

Section 2. ANNUAL MEETINGS. The annual meetings of the members for the election of directors and other business shall be held during the month of February on such day and such place in or near Sedona, Arizona, as shall be designated by the Board of Directors. If the election of directors shall not be held on the day designated by the Board of Directors for any annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon as conveniently may be held, provided that such meeting shall likewise be held in or near Sedona, Arizona.

Section 3. SPECIAL MEETINGS. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of members comprising of not less than

twenty five percent (25%) of all members. The written request shall state the purpose(s) of the meeting. The time and place in or near Sedona of any special meeting shall be fixed by the President, Board of Directors, or the members, as the case may be, who call or request the meeting.

If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, or the Secretary of the corporation. The officer receiving the request shall cause notice to be promptly given to the members entitled to vote, in accordance with the provisions of Sections 4 and 5 of this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than ten (10) nor more than thirty (30) days after the receipt of the request. If the notice is not given within ten (10) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 3 shall be construed as limiting, fixing or affecting the time when a meeting of members called by action of the Board of Directors may be held.

**Section 4. NOTICE OF MEMBERS MEETINGS.** All notices of meetings of members shall be sent or otherwise given in accordance with Section 5 of this Article II not less than ten (10) nor more than sixty (60) days before the date of the meeting, and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the members. The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, are intended to be presented for election.

If action is proposed to be taken at any meeting for approval of (i) an amendment of the articles of incorporation, (ii) a reorganization of the corporation, (iii) a voluntary dissolution of the corporation, or (iv) a sale, lease or exchange of all of its property and assets, the notice shall also state the general nature of that proposal.

**Section 5. MANNER OF GIVING NOTICE.** Notice of any meeting of members shall be given either personally or by first class mail or telegraphic or other written communication, charges prepaid, addressed to the member at the address of that member appearing on the books of the corporation or given by the member to the corporation for the purpose of notice. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

*A statement of the mailing or other means of giving any notice of any members meeting shall be executed by the Secretary, Assistant Secretary, or any other person giving notice, and shall be filed and maintained in the minute book of the corporation.*

Each Lot Owner shall be responsible for informing the Secretary of the corporation with his, her, their or its then current address, which address shall be used for all notices required hereunder. Additionally, upon the sale or other transfer of a Lot, the Board of Directors shall have no responsibility to determine the name and/or address of the new Lot Owner. In the event of any sale or other transfer, it shall be the responsibility of the Lot Owner to inform the new Lot Owner of the membership in the corporation arising from the ownership of the Lot, and for such Lot Owner to notify the Secretary of the corporation with the new address to which notices shall be sent. Notices shall be sent to only one address notwithstanding that more than one person or persons have an interest in a Lot. All members shall hold the board of directors harmless and free from liability of any action or failure of notice due to its lack of knowledge of the then existing person or persons who are Lot Owners.

**Section 6. QUORUM.** The members in person or by proxy, present at a meeting of the members, provided such members constitute at least twenty percent (20%) of the members entitled to vote, shall constitute a quorum for the transaction of business with regard to all matters to be voted upon by the members.

Section 7. ADJOURNED MEETING; NOTICE. Any members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the members represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in Section 7 of this Article II.

When any meeting of members, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new date. Notice of any such adjourned meeting shall be given to each member of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 4 and 5 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 8. VOTING. The members entitled to vote at any meeting of members shall be determined in accordance with the provisions of Section 10 of this Article II. The members' vote may be by voice vote or by ballot; provided, however, that any election for directors must be by ballot if demanded by any of the members so entitled to vote therefore. On any matter other than elections of directors, and so long as the quorum requirements are satisfied, the affirmative vote of the holders of a majority of the shares of stock entitled to vote, shall constitute the act of the members.

In accordance with Section 10, Article 14 of the Arizona Constitution, the election of directors of the corporation shall be by cumulative voting. This manner of voting shall be implemented at the 1994 annual meeting of members.

Section 9. WAIVER OF NOTICE OR CONSENT BY ABSENT MEMBERS. The transactions of any meeting of members, either annual or special, however called and noticed, and held in accordance with the provisions of this Article II, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of members, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 4 of this Article II, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object in the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

Section 10. RECORD DATE FOR MEMBER NOTICE AND VOTING. For purposes of determining the members entitled to notice of any meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting, and in this event only members of record on the date so fixed are entitled to notice, as the case may be, notwithstanding any transfer of any members on the books of the corporation after the record date due to the sale or other transfer of a Lot.

If the Board of Directors does not so fix a date, the record date for determining members entitled to notice of a meeting of members shall be at the close of business on the business day next preceding the day on which notice is given, or if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

For purposes of determining the members entitled to vote at any meeting, the member

must be in good standing, which shall mean that the member has paid all monthly charges (for water usage of those members of Lot Owners connected to the water system and the availability fee of those members of Lot Owners not connected to the water system), for assessments of members of all Lot Owners, and availability fees invoiced by the corporation to the members. This provision shall be effective for any meetings held after June 1, 1994. On the notice of any special meeting of the members, the notice shall state whether on the date of such notice, such member is delinquent in the payment of any fee due and owing the corporation. For purposes of the annual meeting of the members in February of each year, the notice shall provide notice of any delinquent payment for any period other than the for the quarter ending on December 31st of the year immediately preceding the annual meeting of members. Payment of the invoice for the period ending December 31 of the year immediately preceding the annual meeting shall not be taken into account in determining whether the member shall be entitled to vote at the annual meeting. Even though a member may not be entitled to vote at any meeting because such member is not in good standing as herein defined, such member shall be entitled to attend the meeting or meetings.

**Section 11. PROXIES.** Every person entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the corporation. A proxy shall be deemed signed if the member's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission, or otherwise) by the member or the member's attorney in fact. A validly executed proxy which does not state that it is irrevocable shall continue in due force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the corporation stating that the proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy.

**Section 12. MEMBER ACTION BY WRITTEN CONSENT WITHOUT A MEETING.** Any action which may be taken at any annual or special meeting of members, except as may be inconsistent with the Revised Statutes of Arizona, including without limiting matters relating to the sale, lease or exchange of all the corporation's assets or property, may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by Lot Owners who are members of not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all members entitled to vote on that action were present and voted. Any member giving a written consent, or the members' proxy holders, may revoke the consent by a writing received by the Secretary of the corporation before written consents of the number of members required to authorize the proposed action have been filed with the Secretary. If the consents of all members entitled to vote have been solicited in writing, and if the unanimous written consent of all such members shall have been received, the Secretary shall give prompt notice of the corporate action approved by the members without a meeting. This notice shall be given in the manner specified in Section 5 of this Article II.

### **ARTICLE III DIRECTORS**

**Section 1. POWERS.** Subject to the provisions of the Revised Statutes of Arizona and any limitations in the articles of incorporation and these By-laws relating to action required to be approved by the members, the business and affairs of the corporation in the operation, maintenance and development of a water system for the water delivery to the Lot Owners shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall be empowered to do all things, or to delegate such power and authority to such other persons as it deems appropriate, that may be necessary or advisable in the operation of the water system, including without limitation the establishment of operating systems, reporting systems, compliance measures for purposes of Federal or State regulatory agencies, management policies, financing measures, maintenance procedures, acquisition programs, renovating or upgrading of system and equipment, rate fixing, service fees, availability fees, availability fee, special and annual assessments, policies relating to meter disconnection, delinquent accounts, past due notices, length of

time for payment before a meter is disconnected, and type of notices sent to delinquent owners, procedures for water line extensions, purchase of materials and equipment, purchase of insurance for assets, and the like. In addition to the foregoing, the Board of Directors shall be empowered to manage and operate all of the assets of the corporation, including without limiting, the real estate owned by the corporation.

**Section 2. NUMBER AND QUALIFICATION OF DIRECTORS.** The authorized number of directors shall not be less than three (3) directors and not more than nine (9) directors until changed by amendment to this By-Law consistent with the Articles of Incorporation. The Board of Directors shall be empowered to determine the number of directors serving from time to time in accordance with the provisions of this Section 2.

**Section 3. ELECTION AND TERM OF OFFICE OF DIRECTORS.** Directors shall be elected at each annual meeting of the members to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

**Section 4. VACANCIES.** Vacancies in the Board of Directors created by resignation, death or otherwise, (except removal by the members), shall be filled by a vote of a majority of the remaining directors, even though less than a quorum if undertaken at a meeting of the directors, or if no meeting is called for such purpose, then by a written notice thereof signed by each of the remaining directors appointing said successor director(s). Each director so appointed shall hold office until the next annual meeting of the members and until a successor has been elected and qualified.

Any director may resign effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for that resignation to become effective.

**Section 5. PLACE OF MEETINGS.** Regular meetings of the Board of Directors may be held at any place in or near Sedona, Arizona, that has been designated in the notice thereof. In the absence of such a designation, regular meetings shall be held at the residence of the President of the corporation. Special meetings of the Board shall be held at any place in or near Sedona, Arizona that has been designated in the notice of the meeting or, if not stated in the notice of the meeting, or there is no notice, at the residence of the President of the corporation.

**Section 6. ANNUAL MEETING.** Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, any desired election of officers, and the transaction of other business. Notice of this meeting shall not be required.

**Section 7. OTHER REGULAR MEETINGS.** Other regular meetings of the Board of Directors shall be held at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without any formal notice.

**Section 8. SPECIAL MEETINGS.** Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board or the President or any three directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first class mail, addressed to each director at that director's address as it is shown on the records of the corporation. In case the notice is mailed, it shall be deposited in the United States mail at least ten (10) days before the time of the holding of the meeting. In case the notice is delivered personally or by telephone or telegram, it shall be delivered personally or by telephone at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director.

**Section 9. QUORUM.** A majority of the total number of directors then serving shall

constitute a quorum for the transaction of business, except to adjourn as provided in Section 11 of this Article III. Except as provided in these By-laws, every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. A director may not give his or her proxy to another person to act in his or her stead at any meeting of directors, or to act for said director in any capacity as a director.

**Section 10. WAIVER OF NOTICE.** The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any director, who attends the meeting without protesting before or at its commencement, the lack of notice to that director.

**Section 11. ADJOURNMENT.** A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

**Section 12. NOTICE OF ADJOURNMENT.** Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 8 of this Article III, to the directors who were not present at the time of the adjournment.

**Section 13. ACTION OF THE DIRECTORS WITHOUT A MEETING.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to that action. Written consents in lieu of meetings may be signed within or outside the State of Arizona, provided such consents are promptly forwarded to the registered office of the corporation, duly filed with the corporate minutes. Such written consents shall be in full force and effect upon the execution thereof by all of the Directors of the corporation.

**Section 14. FEES AND COMPENSATION OF DIRECTORS.** Directors may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors. This Section 14 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation for those services.

#### **ARTICLE IV OFFICERS**

**Section 1. OFFICERS.** The officers of the corporation shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, and such other officers with such powers and duties not inconsistent with these By-laws as may be appointed and determined from time to time by the Board of Directors. Any number of offices may be held by the same person with the exception that the President and the Secretary shall not be held by the same person.

**Section 2. ELECTION AND QUALIFICATION OF OFFICERS.** The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 4 of this Article IV, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board. The President of the corporation must be a member of the Board of Directors. Any person may be elected to serve as any other officer of the corporation whether or not such person is also a director.

**Section 3. RESIGNATION OF OFFICERS.** Any officer may be removed, either with or

without cause, by action of the Board of Directors, at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

**Section 4. VACANCIES IN OFFICES.** A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the same manner prescribed in these By-laws for regular appointments to that office.

**Section 5. PRESIDENT.** The President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the corporation. He shall preside at all meetings of the members and at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-laws.

**Section 6. VICE PRESIDENTS.** In the absence or disability of the President or Vice Presidents, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-laws and the President.

**Section 7. SECRETARY.** The Secretary shall keep or cause to be kept, at the registered office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and members, with the time and place of holding, whether regular or special and, if special, how authorized, the notice given, the names of those present at directors meetings or committee meetings, the number of members present or represented at members meetings, and the proceedings.

The Secretary shall keep or cause to be kept, at the registered office or at the residence of the President, as determined by resolution of the Board of Directors, a membership register, showing the names of all members and their addresses, and the Lot owned by such member, and such information concerning the date of transfer of any Lot received by the Secretary from the Lot Owner.

The Secretary shall give, or cause to be given, notice of all meetings of the members and of the Board of Directors required by the By-laws or by law to be given, and he shall keep the seal of the corporation if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-laws.

**Section 8. TREASURER.** The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as chief financial officer and of the financial condition of the corporation, and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-laws.

## ARTICLE V

## **OPERATION AND MAINTENANCE OF WATER DELIVERY SYSTEM**

**SECTION 1. POLICY.** The Board of Directors shall make all policy decisions concerning the operation and maintenance of the Water Delivery System.

**SECTION 2. WATER RATES.** The Board of Directors shall be empowered and authorized to set all rates pertaining to the delivery of water to members or the availability of such water to all Lots. In addition to setting the rates, the Board of Directors shall be empowered or authorized to set different rates at certain levels of usage, for purposes of conserving water.

**SECTION 3. BILLING PROCEDURES.** The Board of Directors shall be empowered and authorized to establish billing procedures, including the format of the bill and the frequency of billings. The Board of Directors may collect such costs and fees, penalties and/or interest on delinquent accounts, as they may determine applicable from time to time.

**SECTION 4. ANNUAL ASSESSMENT.** The Board of Directors shall be empowered and authorized to assess all members of the Cup of Gold Water Company, Inc. on an equal basis to create a fund. The amount of the annual assessment shall be announced at the annual meeting of members by the Board of Directors. The annual assessment, if made, shall be due and payable on or before March 31st following the annual meeting of members. The fund so created shall be used for such expenses as real estate taxes, repairs, maintenance, replacement, upkeep and new construction of the water system, and for the betterment of assets owned by the corporation.

**SECTION 5. SPECIAL ASSESSMENTS.** The Board of Directors shall have the authority to assess all members of the Cup of Gold Water Company, Inc. on an equal basis for any extraordinary expenses not covered by any annual assessment, or for such shortfall in the fund identified in Section 4 of this Article for failure to have made annual assessment in prior years, major expenditures for engineering, surveying, legal or other services necessary or advisable to carry out the purposes of the corporation and to protect the interests of the corporation. The Board of Directors shall be empowered to make a special assessment to cover the purchase or construction of any new water distribution facility or capital improvement. Notice of a Special Assessment shall be sent to all members, and the same shall be due and payable thirty (30) days after billing.

## **ARTICLE VI INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS**

**Section 1. AGENTS, PROCEEDINGS, AND EXPENSES.** For the purposes of this Article, "agent" means any person who is or was a director, officer, employee or other agent of this corporation, or is or was serving at the request of this corporation as director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of this corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or Section 5(c) of this Article.

**Section 2. ACTIONS OTHER THAN BY THE CORPORATION.** This corporation shall indemnify any person who was or is a party, or is threatened to be made a party to any proceeding (other than an action by or in the right of this corporation) by reason of the fact that such person is or was an agent of this corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo

contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

**Section 3. ACTIONS BY THE CORPORATION.** This corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this corporation to procure a judgment in its favor by reason of the fact that person is or was an agent of this corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3

(a) In respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this corporation in the performance of that person's duty to this corporation, unless and only to the extent that the court in which that action was brought shall determine upon application that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnify for the expenses which the court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

**Section 4. SUCCESSFUL DEFENSE BY AGENT.** To the extent that an agent of this corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 of this Article, or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

**Section 5. REQUIRED APPROVAL.** Except as provided in Section 4 of this Article, any indemnification under this Article shall be made by this corporation only if authorized in the specific case on a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article, by:

(a) A majority vote of a quorum consisting of directors who are not parties to the proceeding;

(b) Approval by the affirmative vote of a majority of the members of this corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of a majority of the members entitled to vote. For this purpose, the membership owned by the person to be indemnified shall not be considered outstanding or entitled to vote thereon; or

(c) The court in which the proceeding is or was pending, on application made by this corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by this corporation.

**Section 6. ADVANCE OF EXPENSES.** Expenses incurred in defending any proceeding may be advanced by this corporation before the final disposition of the proceeding on receipt of an undertaking or by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

**Section 7. OTHER CONTRACTUAL RIGHTS.** Nothing contained in this Article shall affect any rights to indemnification to which persons other than directors and officers of this corporation or any subsidiary hereof may be entitled by contract or otherwise.

Section 8. LIMITATIONS. No indemnification or advance shall be made under this Article, except as provided in Section 4 or Section 5(c), in any circumstance where it appears:

(a) That it would be inconsistent with a provision of the articles, a resolution of the members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 9. INSURANCE. Upon and in the event of a determination by the Board of Directors of this corporation to purchase such insurance, this corporation shall purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this corporation would have the power to indemnify the agent against that liability under the provisions of this section.

## **ARTICLE VII RECORDS AND REPORTS**

Section 1. MAINTENANCE AND INSPECTION OF MEMBERSHIP REGISTER. The corporation shall keep at its registered office, or at the residence of the President, a record of its members, giving the names and addresses of all members.

A member of the corporation may, upon written demand, (i) inspect and copy the records of members' names and addresses during usual business hours, and (ii) obtain from the President of the corporation, on written demand and on the tender of charges for such list, a list of the members' names and addresses, who are entitled to vote for the election of directors.

Section 2. MAINTENANCE AND INSPECTION OF BY-LAWS. The corporation shall keep at the residence of the President or its registered office, the original or a copy of the By-laws as amended to date, which shall be open to inspection by the members at a mutually agreed upon time.

Section 3. MAINTENANCE AND INSPECTION OF OTHER CORPORATE RECORDS. The accounting books and records and minutes of proceedings of the members and the Board of Directors shall be kept at the registered office of the corporation or at the residence of the Treasurer. The minutes shall be kept in written form and the accounting books and records shall be kept in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon the written demand for a proper stated purpose, of any member, at a mutually agreed upon time, for a purpose reasonably related to the member's interest. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts, at the expense of the member.

Section 4. INSPECTION BY DIRECTORS. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

Section 5. FINANCIAL STATEMENTS. A copy of any annual financial statement and any income statement of the corporation, and any accompanying balance sheet of the corporation as of the end of each such period, that has been prepared by the corporation shall be kept on file in the registered office of the corporation, or at the residence of the Treasurer, for twelve (12) months and each such statement shall be exhibited at all reasonable times to any member demanding an examination of any such statement or a copy shall be mailed to any such member upon his written demand.

**ARTICLE VIII  
GENERAL CORPORATE MATTERS**

**Section 1. RECORD DATE FOR PURPOSES OTHER THAN NOTICE AND VOTING.** For purposes of determining the members entitled to receive any distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than action by members by written consent without a meeting), the Board of Directors may fix, in advance, a record date, which shall not be more than forty-five (45) days before any such action, and in that case only members of record on the date so fixed are entitled to receive the distribution, or allotment of rights or to exercise the rights,, as the case may be, notwithstanding any transfer of membership on the books of the corporation after the record date so fixed, except as otherwise provided in Revised Statutes of Arizona. If the Board of Directors does not so fix a record date, the record date for determining members for any such purpose shall be at the close of business on the day on which the Board adopts the applicable resolution.

**Section 2. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS.** All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors in accordance with these By-laws.

**Section 3. CORPORATE CONTRACTS AND INSTRUMENTS. HOW EXECUTED.** The Board of Directors, except as otherwise provided in these By-laws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

**Section 4. NO MEMBERSHIP CERTIFICATES.** No membership certificate shall be issued to any member of the corporation. Membership in the corporation shall be exclusively determined based upon the real estate records at the Office of the Recorder of Deeds for Yavapai County, in Prescott, Arizona.

**Section 5. NO TRANSFERABILITY OF MEMBERSHIP EXCEPT BY TRANSFER OF LOT.** Membership in the corporation cannot be transferred or alienated by any member other than upon the sale or other transfer of a Lot, as such sale or transfer is reflected at the Office of the Recorder of Deeds of Yavapai County, in Prescott, Arizona. No transfer of the membership shall be recognized by the corporation other than as herein provided.

**Section 6. SEAL.** The corporate seal of the corporation shall have inscribed on its outer edge, the following words: "Cup of Gold Water Company, Inc.", and in the center the words and figures "Incorporated - 1955 - Arizona".

**Section 7. FISCAL YEAR.** The fiscal year of the corporation shall end December 31st of each year.

**Section 8. CONSTRUCTION AND DEFINITIONS.** Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Revised Arizona Statutes shall govern the construction of these By-laws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

The definitions set forth in this Section shall apply to the following words used in these

By-laws:

(a) The "Subdivision" means:

(i) CUP OF GOLD ESTATES, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 5 of Maps, page 96, as amended by amended plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 17 of Maps, page 93; and

(ii) EAST CUP OF GOLD ESTATES, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 5 of Maps, page III; and

(iii) SOUTH CUP OF GOLD ESTATES, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 5 of Maps, page 118.

(b) "Lots" mean Lots I through 12, 13A, 13B, 13C, 14 through 28, 30 through 33, 35 and 36 in the Subdivision. Lot X and Tract A and Lot 34 are not included within the definition of Lots. "Lot" means any of the identified Lots herein.

(c) The "Lot Owners" shall mean the following persons or entities:

(i) The buyer as to each Lot under a recorded agreement of sale so long as the buyer's interest has not been forfeited or foreclosed.

(ii) The record owner of the legal title to the Lot, whether a natural person, corporation, unincorporated association, trustee, or the like.

#### **ARTICLE IX DISPUTE RESOLUTION**

**Section 1. NEGOTIATION/ARBITRATION.** In the event of any dispute, claim, question, or disagreement arising out of or relating to the operation or maintenance of the water delivery system, including without limiting, the rate fixing and/or annual or special assessments, and a member of the corporation, the parties thereto shall use their best efforts to settle such disputes, claims, questions, or disagreement. To this effect, they shall consult and negotiate with each other, in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to the parties. If they do not reach such solution within a period of sixty (60) days, then upon notice by either party to the other, disputes, claims, questions, or differences shall be finally settled by arbitration in accordance with the provisions of the Commercial Rules of the American Arbitration Association.

**Section 2. LAW GOVERNING.** In any dispute governed by Section 1 hereof, the disputed matter shall be settled by arbitration in accordance with the substantive and procedural laws of the State of Arizona.

**Section 3. PLACE OF ARBITRATION.** The site of arbitration shall be in Sedona, Arizona.

**Section 4. NUMBER AND QUALIFICATION OF ARBITRATORS.** The arbitration shall be before one neutral arbitrator to be selected in accordance with the Commercial Rules of the American Arbitration Association and shall proceed under the Expedited Procedures of said Rules, irrespective of the amount in dispute.

**Section 5. WRITTEN OPINIONS.** The arbitration award shall be in writing and shall specify the factual and legal bases for the award.

**Section 6. FEES AND EXPENSES.** The prevailing party shall be entitled to an award of reasonable attorney's fees. The arbitrator shall award to the prevailing party, if any, all of the costs and fees. "Cost and Fees" means all reasonable pre-award expenses of the arbitration, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and

telephone, witness fees and attorney's fees. -

## **ARTICLE X AMENDMENTS**

**Section 1. AMENDMENT BY MEMBERS.** New By-laws may be adopted or these By-laws may be amended or repealed by the, vote or written consent of members comprising of a majority of all members entitled to vote.

**Section 2. AMENDMENT BY DIRECTORS.** Subject to the rights of the members as provided in Section 1 of this Article, By-laws, may be adopted, amended, or repealed by the affirmative vote of a majority of the members Of the Board of Directors.

## **ARTICLE XI Exclusivity**

**Amendment effective 09/13/08:**

It is the intent of Cup of Gold Water Company, Inc. to exclusively serve all individuals within the Cup of Gold subdivisions' boundaries. The Board will not consider service requests from any external source. All lot owners within the Cup of Gold subdivisions are restricted from obtaining water from a source other than the Cup of Gold Water Company, Inc., except that Cup of Gold lot owners may drill their own well and/or use hauled water as either their sole water source or to supplement water supplied by Cup of Gold Water Company, Inc.

By Ronald G. Mohney  
President, Cup of Gold Water Company, Inc.

## **ARTICLE XII Limit on Membership**

**Amendment effective 10/14/09 and revised on 2/15/10:**

Anyone who is not a customer of the Cup of Gold Water Company, Inc. as defined in Article II cannot be a member of the Water Company.

The Cup of Gold Water Company, Inc. shall not increase its membership to exceed 39 either through subdivision of the existing 39 lots or expansion of the three Cup of Gold subdivisions or inclusion of other area to be served or change in the requirement that each customer as defined in Article II Section 1 has one and only one vote of Company membership representation. Owners of multiple lots shall have only one vote. The Covenants, Conditions and Restrictions of the Cup of Gold subdivision shall comply with this bylaw.

Each August commencing in 2010, or as otherwise required by the Arizona Corporation Commission, a Cup of Gold Water Company, Inc. Officer shall file certification of compliance of all Corporation Commission mandates via the Commission's Docket Control. In the event of violation of any mandate the Water Company shall file an application for a Certificate of Convenience and Necessity within 30 days.

By Ronald G. Mohney  
President, Cup of Gold Water Company, Inc.

**ARTICLE XIII  
Responsibilities**

**Amendment effective 11/12/09 and revised on 2/15/10:**

It is the responsibility of the Cup of Gold Water Company, Inc. to maintain in good working condition all Company - owned infrastructure, up to and including individual water meters. Water users are required to maintain their water infrastructure consistent with the integrity of the overall water system as determined by the Company Officers. A Company Officer may require the repair, at user's expense, of a leak on user property, the installation of a back flow check valve or any other maintenance item that may reasonably threaten the availability or quality of Company water or the cost of maintaining the system in good working order.

It is the responsibility of the individual water user to maintain the meter box and shutoff valve free of erosion of sediment from user's property such that the meter is unreadable or the Company water lines on user's property are exposed to freezing.

The water user shall grant any Company Officer or Company-authorized meter reader or repairman access to the customer's property at all times and without notice in order to transact Water Company business.

By Ronald G. Mohney  
President, Cup of Gold Water Company, Inc.

**ARTICLE XIV  
Regulatory Agency Compliance**

**Amendment effective 02/15/10:**

Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Company agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

By Ronald G. Mohney  
President, Cup of Gold Water Company, Inc.

I, the undersigned do hereby certify that I am the duly elected and acting Secretary of Cup of Gold Water Company, Inc. These 14 pages constitute the By-Laws of the Corporation as of this date: February 15<sup>th</sup>, 2010.

---

Ida-Meri de Blanc, Secretary, Cup of Gold Water Company, Inc.

**Exhibit G**

**Amended Articles of Incorporation 2010**

**Articles of Amendment**  
**To The Articles Of Incorporation**  
**Of The Cup Of Gold Water Company, Inc.**  
**As Amended on April 1, 1987**

Pursuant to the provisions of A.R.S. 10-1006, the undersigned non-profit corporation adopts the following Articles of Amendment to its Articles of Incorporation, as amended on April 1, 1987:

1. Articles I, II, III, IV, V, VI, VII, VIII, IX, X and XI remain unchanged.
2. The following new Amendments are adopted:
  - a. **Article XII.** Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. **Article XIII.** If, at any time, the Articles of Incorporation or Bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. **Article XIV.** Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Company, Inc. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.
3. The foregoing amendments to the Articles of Incorporation as amended on April 1, 1987 were adopted on February 15th, 2010.
4. The amendments were duly adopted by act of the members of the corporation.

DATED this 15th day of February, 2010

By Ronald J. Mohney  
Its President

ATTEST:

Ida-Meri de Blanc  
Its Secretary

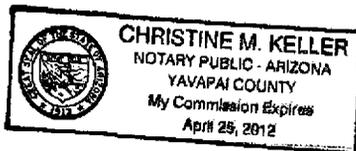
STATE OF ARIZONA )  
 )  
COUNTY OF Yavapai ) ss.

On this 29 day of March, 2010, before me, a Notary Public  
In and for said County and State, personally appeared Ida-Meri de Blanc and Ronald G. Mohny,  
and that they, being authorized to do so, executed the foregoing instrument for the purposes  
therein set forth, by signing the name of the Cup of Gold Water Company, Inc. by themselves as  
Corporate Officers.

Christine M Keller  
Notary Public

My Commission expires:

April 25, 2012



**Exhibit H**

**Legal Opinions of CC&R Enforceability**

# BILL STEPHENS

---

ATTORNEY AT LAW

## FACSIMILE COVER SHEET

TO: Ron Mohney  
FAX #: 928-282-0949  
FROM: Bill Stephens  
DATE: March 30, 2010

Mr. Mohney:

It is my opinion that the Covenants, Conditions and Restrictions ("CC&Rs") are enforceable with respect to each property owner.

If you need anything further, please do not hesitate to give me a call.



Bill Stephens

HARD COPY WILL NOT BE MAILED. IF HARD COPY IS NEEDED, PLEASE CALL TO REQUEST.

This information contained herein is confidential and intended for the addressee only. In the event you receive this fax in error, please disregard and destroy.

*This facsimile consists of 1 page, including this cover sheet. Please call if you fail to receive the entire facsimile transmission.*

---

PHONE: (602) 381-8300  
FACSIMILE: (602) 381-8348

4647 NORTH 32<sup>ND</sup> STREET, # 160  
PHOENIX, ARIZONA 85018-3351

A PROFESSIONAL CORPORATION

# Adrienne C. Hanley, PLLC

Attorney at Law

Plaza West, Suite 202  
2155 W. State Route 89A  
Sedona, AZ 86336-5469

Tel. 928-282-4511  
Fax 928-282-4748  
email attorney@sedona.net

Adrienne C. Hanley

March 30, 2010

Cup of Gold Water Company, Inc.  
Mr. Ron Mohny, President  
200 East Wing Drive  
Sedona, AZ 86336

Re: Enforceability of Private Covenants

Dear Mr. Mohny:

We have acted as special counsel to Cup of Gold Water Company, Inc. (the "Company") in reviewing the enforceability in general of private covenants regarding real property, such as the Declaration of Restrictions on Lots in All of the Cup of Gold Estates, Amended, the South Cup of Gold Estates, and the East Cup of Gold Estates dated March 29, 2010, and which will be recorded in the Official Records of Yavapai County, Arizona. For purpose of this letter, I have not reviewed any specific instrument relating to Cup of Gold Water Company, Inc., such as its Articles of Incorporation, By-Laws, Rules and Regulations, if any, or any instrument constituting a Declaration or Private Covenant as those terms are defined under Arizona law.

Section 33-440 of the Revised Arizona Statutes provides that private covenants pertaining to real property are valid and enforceable according to their terms, subject to a few limitations.

A private covenant cannot be prohibited by any other private covenant pertaining to the property or by any statute governing the subject matter of the covenant.

Also, the owner of the affected property and any person on whom any obligation is imposed by the covenant must consent to the covenant, and any additional consent requirements of the covenant must be satisfied.

A private covenant means any uniform or nonuniform covenant, restriction or condition regarding real property that is contained in any deed, contract, agreement or other recorded instrument affecting real property.

The Arizona Supreme Court in William McRae and Laura M. McRae vs. Lois Grunow Memorial Clinics, 14 P.2d 478, 40 Ariz. 496 (1932) considered the issue of whether the restrictions in the deeds from the original grantor were inserted just for the benefit of such grantor or for the benefit of any and every purchaser of a lot in the

# Adrienne C. Hanley, PLLC

Cup of Gold Water Company, Inc.  
Mr. Ron Mohney, President  
March 30, 2010  
Page 2 of 2

benefit of such grantor or for the benefit of any and every purchaser of a lot in the subject subdivision. The Court stated, "We think the restrictive covenants as to the use of the real estate are a part of a general plan or scheme for the development of Hurley Heights Subdivided and for the benefit of all the lots included in the tract and may be enforced by the owner of any lot in such tract against the owner of any other lot. This seems to be the rule followed in most jurisdictions. 32 C.J. 204-207, §§ 317, 319, 320, 324; *Martin v. Holm*, 197 Cal. 733, 242 P. 718; *Ludgate v. Somerville*, 121 Or. 643, 54 A.L.R. 837, 256 P. 1043; *Abbott v. Steigman*, 263 Mass. 585, 161 N.E. 596; *Vaughn v. Lyon*, 122 Okl. 179, 252 P. 1088; 21 A.L.R. 1281, at page 1306, 33 A.L.R. 676, at page 677, and 60 A.L.R. 1223, at page 1228; *Hartman v. Wells*, 257 Ill. 167, Ann. Cas. 1914A 901, 100 N.E. 500; *Barnett v. Vaughan Institute*, 134 App. Div. 921, 119 N.Y. Supp. 45; *Walker v. Haslett*, 44 Cal. App. 394, 186 P. 622; *Walker v. McNulty*, 19 Misc. 701, 45 N.Y. Supp. 42; *Brandenburg v. Country Club Bldg. Corp.*, 332 Ill. 136, 163 N.E. 440. The restrictions here run with the land and were clearly intended to be for the benefit of each and every lot. They were inserted in all the deeds so that each purchaser took his lot charged with the benefits and burdens of the plan or scheme of improvement." 40 Ariz. P. 504.

Generally speaking, the question to be asked is for whose benefit the restriction or private covenant imposed? If the restrictive or private covenant was enacted for the benefit of the person seeking to enforce it, then such person may do so.

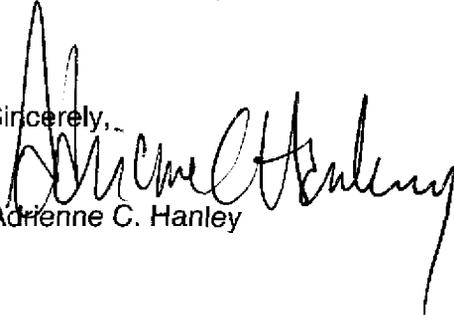
This letter is issued subject to the following limitations:

(a) I have made no examination of title to the real property owned by the Company, and as such I express no opinion with respect thereto nor with respect to the any encumbrance to which such property is subject.

(b) I have no obligation to advise you of facts or changes in law occurring after the date of this letter, which might affect the statements expressed herein.

(c) This letter shall not be relied upon by any person other than the Company.

Sincerely,

  
Adrienne C. Hanley



## CUP OF GOLD

BOX 679 · SEDONA, ARIZONA 86336

July 3, 1989

Dear Cup of Gold Members,

Cup of Gold is still an unconsolidated subdivision. The Board met on July 1st and a tally of Signature Pages showed an insufficient number of responses in one subdivision, Cup of Gold Estates, to carry the proposal to unify our three subdivisions and simultaneously adopt new Restrictive Covenants.

A copy of the tally is attached and an analysis shows that in East Cup of Gold Estates we received a 60% affirmative response and in South Cup of Gold Estates we received an 85% affirmative response. However, in Cup of Gold Estates, only 26% responded affirmatively. It should be noted that in Cup of Gold Estates More than 31% of the potential returns are controlled by 2 members who refused to approve.

The wisdom of separating the Water Company from the Property Owners Association is now apparent. The Water Company will continue to function and will provide water and service through the existing officers and Board of Directors.

Cup of Gold Property Owners, on the other hand, will cease to function after July 15th. President Pammler at the conclusion of the vote tally resigned, effective immediately. His letter of resignation is included. Secretary/Treasurer Lopez also resigned but effective July 15 so that this letter and some late financial matters could be cleared. Thereafter, the Board members in attendance, Mrs. Brown and Mssrs. Goodman and Morgan also resigned. Subsequently, we have been advised by the other Board members that they will submit their resignations.

Where, now does this leave us and how does the withholding of approval by the majority of the lot owners in the one subdivision affect your investment in Cup of Gold?

1. Whenever you build you will still have water.
2. Members will have to fall back on Deed Restrictions 33 and 34 years old, of questionable usefulness and doubtful legality.
3. There will be no architectural review of any proposed residence.
4. There are no height limitations on any residence yet to be built.
5. Violations, real or imagined, now become a matter to be adjudicated only between the offended and offending parties.
6. There will be no road maintenance in the subdivision.
7. Negotiations will cease with Yavapai County District Road Superintendent relative to the installation of culverts and future storm damage repair.

8. Lobbying will cease with legislative leaders, Arizona Dep't. of Transportation officials, Arizona State Parks Board and with representatives of the U.S. Forest Service regarding the timetable for paving the Lower Red Rock Loop Road and construction of optimum road access to Cup of Gold.
9. There will be no Cup of Gold authority to speak for and help protect this community from problems arising from the influx of visitors coming to the soon-to-be-opened Red Rock State Park.
10. Individual residents will continue (we hope) to serve on outside boards, committees, and advisory panels such as Red Rock Rural Community Association and Red Rock State Park Planning Advisory Committee, but without authority to speak on behalf of Cup of Gold.
11. There will be a suspension of negotiations between the Property Owners Association and the Yavapai County Treasurer and Assessor regarding the acquisition of the "left over" land lying between the center of the creek and the property lines of property owners fronting on the creek, some  $4\frac{1}{2}$  acres.

A very frustrated Board finally took the drastic step of resignation. Despite the earlier unanimous agreement to consolidate by members of all the three subdivisions who were present at the Annual Meeting, including those members from Cup of Gold Estates, we did not now secure a majority approval in this one subdivision. When it thus became apparent that because of indifference, personality clashes or other motives, it did not have the full support of the membership, the Board resigned. The Property Owners Association is now adrift with no captain, no course. New leaders will have to come forth.

The Board extends heartfelt thanks to those who have supported their past efforts.

Sincerely,

The Officers and Directors  
Cup of Gold Property Owners Association

enc.:

Tally of Signature Pages Rec'd.  
Resignation letter of R.F. Pammler  
Minutes of Board of Directors Meeting

**Exhibit I**

**Legal Opinion of Role of Water Company**

LAW OFFICES

BOYLE, PECHARICH, CLINE & WHITTINGTON

JAMES P. BOYLE, JR.  
ROBERT S. PECHARICH  
BARRY B. CLINE  
WILLIAM R. WHITTINGTON  
ROBERT C. KOZAK  
KENTON D. JONES

125 NORTH GRANITE STREET  
P. O. BOX 1191  
PRESCOTT, ARIZONA 86302-1191

TELEPHONE 445-0122  
AREA CODE 602

June 11, 1990

Mr. Robert A. Lopez  
Star Route 2, Box 895  
Sedona, AZ 86336

Re: Cup of Gold Water Company, Inc.  
Cup of Gold Property Owners' Association

Dear Bob:

You have requested our opinion with respect to the various points raised in the letter of Mr. Harold L. Weckler dated May 19, 1990.

First, Mr. Weckler points out that the original Restrictive Covenants, adopted in 1955, are still in effect. That observation is quite correct, since they have not been repealed or amended.

Second, Mr. Weckler states that under the terms of the 1955 Restrictive Covenants, Cup of Gold Water Company, Inc., as the owner of Lot X, is required to approve all proposed improvements, fencing and signs. He then concludes that the Water Company is bound by this requirement. It is our opinion that Mr. Weckler's conclusion is incorrect. We believe that the membership of Cup of Gold Water Company, Inc. legally authorized and approved the amendment of its Articles of Incorporation. In addition, the membership authorized the formation of Cup of Gold Property Owners' Association. In doing so, it seems clear that the membership intended to make the Property Owners' Association responsible for certain activities, including approval of architectural matters, and to limit the responsibility of the Water Company to that of operating a water utility. Neither the Articles of Incorporation, as amended, nor the By-laws, as amended, of the Water Company prohibit it from dealing with architectural matters, but in our opinion the Board of Directors is justified in taking the position that its sole business is to operate a water utility, in keeping with the mandate of the membership.

Mr. Robert A. Lopez  
June 11, 1990  
Page two

Third, Mr. Weckler indicates that it might be necessary to amend the Articles of Incorporation and/or By-laws of the Water Company, so that it can again undertake the responsibility of enforcing the 1955 Restrictive Covenants. Obviously, if the Articles of Incorporation are to be amended, the membership would have to do so. If Mr. Weckler wants to propose amendments to the membership, he is certainly free to do so.

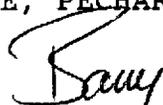
Fourth, Mr. Weckler contends that the Board of Directors should not dissolve the Property Owners' Association by simply failing to pay the annual fee to the Arizona Corporation Commission. In our opinion, that position is correct, provided the Property Owners' Association has the funds to pay the annual fee. On the other hand, if the Property Owners' Association does not have any funds, because it lacks the power of assessment (as was contemplated by the proposed amended restrictive covenants), then it would seem that the Board of Directors is justified in failing to pay the annual fee. In other words, neither the directors nor any other person has a duty to make donations to the Property Owners' Association. The Association can operate only if it has funds to do so.

I trust that the foregoing adequately responds to the points raised by Mr. Weckler in his letter. However, should you have any further questions, please let us know.

Sincerely yours,

BOYLE, PECHARICH, CLINE & WHITTINGTON

By



Barry B. Cline

BBC:tka

**Exhibit J**

**Amendment of Articles of Incorporation 1987**

BARRY B. CLINE

LAW OFFICES  
**BARRY B. CLINE, P. C.**  
101 FIRST INTERSTATE BANK BUILDING  
POST OFFICE BOX 29  
PRESCOTT, ARIZONA 86302

TELEPHONE (602) 445-8020

May 14, 1987

Mr. Robert F. Pammler  
Cup of Gold Water Company, Inc.  
Post Office Box 679  
Sedona, AZ 86336

*Extra c/c*

Dear Bob:

Enclosed herewith are the following documents:

1. Endorsed copy of Articles of Amendment to the Articles of Incorporation of The Cup of Gold Water Company, Incorporated.
2. Photostatic copy of Publisher's Affidavit, certifying that a copy of the Articles of Amendment to the Articles of Incorporation of The Cup of Gold Water Company, Incorporated, was published in The Independent, in its issues of May 1, 6 and 8, 1987.

These are important documents, and I would recommend that they be retained in the permanent corporate records of the Water Company.

Sincerely yours,



BARRY B. CLINE

BBC:tka  
Enclosures

*copy*

SECRETARY COMMISSION  
FOR THE STATE OF AZ.  
FILED

APR 3 2 59 PM '87

APPROVED F. J. Kneuder  
DATE APR 24 1987  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_

ARTICLES OF AMENDMENT  
TO THE ARTICLES OF INCORPORATION  
OF  
THE CUP OF GOLD WATER COMPANY, INCORPORATED

046027-0

Pursuant to the provisions of A.R.S. §10-1035, the undersigned non-profit corporation adopts the following Articles of Amendment to its Articles of Incorporation:

1. The present name of the corporation is The Cup of Gold Water Company, Incorporated (changed by these Amendments to "Cup of Gold Water Company, Inc.").

2. Articles II, III, IV, V, VIII and the second paragraph in Article VI, of the Articles of Incorporation, as now in effect, are hereby revoked in their entirety, and the new Articles II, III, IV, V, VIII and the second paragraph in Article VI, as set forth in Exhibit "A", attached hereto and by reference made a part hereof, are adopted in their place, as amendments thereof.

3. The foregoing amendments to the Articles of Incorporation were adopted on March 28, 1987.

4. The amendments were duly adopted by act of the members of the corporation.

DATED this 1st day of April, 1987.

THE CUP OF GOLD WATER  
COMPANY, INCORPORATED

By Robert J. Hammett  
Its President

Copy

ATTEST:

*Robert A. Lopez*  
Its Secretary

STATE OF ARIZONA )  
                          ) ss:  
County of Yavapai)

The foregoing instrument was acknowledged before me this 3 day of April, 1987, by ROBERT F. PAMMLER and ROBERT A. LOPEZ, the President and Secretary, respectively, of THE CUP OF GOLD WATER COMPANY, INCORPORATED, an Arizona non-profit corporation, on behalf of the corporation.

*William J. [Signature]*  
Notary Public

My Commission Expires:

*February 14, 1990*

AMENDMENTS TO THE  
ARTICLES OF INCORPORATION OF  
THE CUP OF GOLD WATER COMPANY, INCORPORATED

ARTICLE II

The name of the corporation is Cup of Gold Water Company, Inc.

ARTICLE III

The qualifications for membership and the rights of members shall be as set forth in the by-laws, as from time to time in effect.

ARTICLE IV

The purposes for which the corporation is organized include any or all lawful affairs for which corporations may be incorporated under Chapter 5 of Title 10, Arizona Revised Statutes, as amended from time to time. The character of affairs which the corporation initially intends actually to conduct in the State of Arizona is the operation of a water distribution system within Cup of Gold Estates, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 5 of Maps, page 96, as amended by the amended plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 17 of Maps, page 93, East Cup of Gold Estates, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 5 of Maps, page 111, and South Cup of Gold Estates, according to the plat of record in the office of the County Recorder of Yavapai County, Arizona, in Book 5 of Maps, page 118.

ARTICLE V

The existence of the corporation shall be perpetual.

ARTICLE VI

\* \* \* [No change in first paragraph.]

The annual meeting of the members and the annual meeting of the Board of Directors of the corporation shall be held in or near Sedona, Arizona, at such time, day and place

Exhibit "A"

*copy*

as shall be designated by the Board of Directors, during the month of February of each year, commencing in the year 1988.

\* \* \* [No change in third paragraph.]

ARTICLE VIII

The corporation is organized exclusively as a non-profit corporation and shall conduct its affairs for its purposes in such manner that no part of the earnings, properties or assets of the corporation on dissolution or otherwise shall inure to the benefit of any private person or individual or any member, director or officer of the corporation. Upon liquidation or dissolution, all property and assets of the corporation remaining after paying and providing for all debts and obligations shall be granted, conveyed and assigned to such fund, foundation, corporation or public body organized and operated for charitable, educational or municipal purposes having purposes nearly as practicable the same as those to which the assets were required to be devoted by the corporation.

**Exhibit K**

**Receipt of Recording of CC&Rs and Articles of Incorporation**

**Yavapai County**  
 AnaWayman-Trujillo Recorder  
 1015FairStreet  
 Rm# 228  
 Prescott, AZ  
 86305  
 OfficePhone:(928)771-3244  
 CottonwoodPhone:(928)639-5807

Receipt: 10-6652

Product	Name	Quantity	Unit Price	Extended
AAOC	Amendment To Articles Of Incorporation	1@	\$23.00	\$23.00
	# Pages			14
	Document Info:			B: 4731 P: 505
	Document #			2010-4382032
	Requested By:			CUP OF GOLD WATER COMPANY
	# Additional Reference(s)			0
	GOV			false
	Postage			true
	No Charge Item			false
RES	Declaration Of Restrictions	1@	\$14.00	\$14.00
	# Pages			4
	Document Info:			B: 4731 P: 506
	Document #			2010-4382033
	Requested By:			CUP OF GOLD
	# Additional Reference(s)			0
	GOV			false
	Postage			true
	No Charge Item			false
<b>Total</b>				\$37.00
Tender (Cash)				\$40.00
Comments: SG				
Paid By: CUP OF GOLD				
Change (Cash)				(\$3.00)

Thank You!

**Exhibit L**

**Signed Petitions Approving of CC&R Restatement 2010**

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
URANDA TSUI

\_\_\_\_\_  
3-21-10

\_\_\_\_\_  
Printed Name(s) of Lot Owners as Appearing on Deed

\_\_\_\_\_  
Date

\_\_\_\_\_  
URANDA TSUI

\_\_\_\_\_  
Signature(s)



\_\_\_\_\_  
Address and lot number (if known)

lot #1

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
*Julie Williams, MD*

\_\_\_\_\_  
*3/26/10*

Printed Name(s) of Lot Owners as Appearing on Deed

Date

\_\_\_\_\_  
*Julie Williams, MD*

\_\_\_\_\_  
*lot 22, 70 East Wing Drive  
Sedona, AZ 86336*

Signature(s)

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

Jason Clare

3/22/10

Mark Dybul

3/22/10

Printed Name(s) of Lot Owners as Appearing on Deed

Date

[Signature]  
[Signature]

Signature(s)

85 Little Nugget Lane

Lot 5

Address and lot number (if known)

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

---



---

Printed Name(s) of Lot Owners as Appearing on Deed

Date

Allan K. Briney, trustee 24 March 2010

Gayle Diane Briney, trustee 25 March 2010

Signature(s)

Allan K. Briney, trustee

Gayle Diane Briney, trustee 25 March 2010

Address and lot number (if known)

220 Coyuse Trail  
Lot 3

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

EDUARDO SANTACRUZ MARTINEZ

3/23/10

Printed Name(s) of Lot Owners as Appearing on Deed

Date

[Handwritten Signature]

Signature(s)

80 Zach Waring Davis, Sedona, AZ

Lot # 23

Address and lot number (if known)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
EDWARD & ADRIENNE HANLEY 3/22/10

Printed Name(s) of Lot Owners as Appearing on Deed

Date


Signature(s)

110 EAST WINDY DRIVE, SEDONA, AZ LOT 24

Address and lot number (if known)

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

MARY E. LIBENSON

3-22-10

Printed Name(s) of Lot Owners as Appearing on Deed

Date

Mary E. Libenson

Signature(s)

240 CAYUSE TR., Sedona, AZ 86339

Lot #2

Address and lot number (if known)

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

DETER HORDORWICZ      032110

Water w/ CC & R version which matches w/ above wording  
Printed Name(s) of Lot Owners as Appearing on Deed      Date

[Signature]

Signature(s)

90 CAUSE TO      LIT # 12

Address and lot number (if known)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

---

---

Linda Davis 3/15/10

---

Printed Name(s) of Lot Owners as Appearing on Deed  
Date

---

---

*W. J. ...*

---

Signature(s)

---

*115 Century Road Lot 15*

---

Address and lot number (if known)

RE: Cup of Gold Water Company - Response Needed - document as text

From: **Ida-Meri de Blanc** (ida@deblanc.net)  
Sent: Sat 3/13/10 8:58 AM  
To: 'Rosie T. ARMIJO' (msrarmijo@msn.com)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Printed Name(s) of Lot Owners as Appearing on Deed

Date 3/15/10

Rosie T. Armijo

Rosie J. Armijo

Signature(s)

Lot No. 18, East Cup of Gold Estates

Address and lot number (if known)

Ida-Meri de Blanc  
928-634-0932

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

Bruce D. Tobias 3.15.10

NATALIE M. STETZ TOBIAS 3/15/10

Printed Name(s) of Lot Owners as Appearing on Deed Date

Bruce D. Tobias Natalie M. Stetz Tobias  
Signature(s)

485 River Cliff Road, Sedona, AZ 86336 Lot # 36

Address and lot number (if known)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

THOMAS A HAGER \_\_\_\_\_  
\_\_\_\_\_ 3-15-10 \_\_\_\_\_  
Printed Name(s) of Lot Owners as Appearing on Deed Date

Thomas A Hager \_\_\_\_\_

Signature(s)

150 E. Wing DR Sedona AZ 86336 lot 25  
Address and lot number (if known)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

Ronald G. Mohney 3/17/10

Claudine G Mohney 3/17/10

Printed Name(s) of Lot Owners as Appearing on Deed

Date

Ronald G Mohney

Claudine G Mohney

Signature(s)

200 E. Wing DR Sedona, AZ 86336 lot 27

Address and lot number (if known)



Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

- 15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
  - a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

STAN L. CHEANEY \_\_\_\_\_ 3/13/10 \_\_\_\_\_

TOBY S. CHEANEY \_\_\_\_\_ 3/13/10 \_\_\_\_\_

Printed Name(s) of Lot Owners as Appearing on Deed \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
*[Handwritten Signature]*

\_\_\_\_\_  
*[Handwritten Signature]*  
Signature(s)

65 CAYUSE TRAIL, SEDONA AZ 86336 \_\_\_\_\_ LOT 9 \_\_\_\_\_

Address and lot number (if known)

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

- 15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
  - a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
MARY E. LIBENSON

\_\_\_\_\_  
3-16-10

Printed Name(s) of Lot Owners as Appearing on Deed

Date

\_\_\_\_\_  
Mary E. Libenson

Signature(s)

\_\_\_\_\_  
240 CAYUSE TR., SEDONA AZ 86336 Lot #2

Address and lot number (if known)



**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

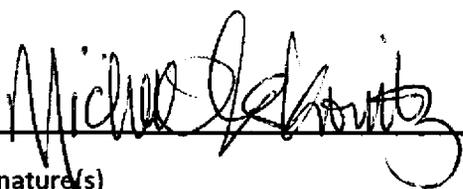
15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
MICHAEL ISKOWITZ

Printed Name(s) of Lot Owners as Appearing on Deed

\_\_\_\_\_  
3/10/10

Date

\_\_\_\_\_  


Signature(s)

\_\_\_\_\_  
110 Century Rd Lot 17

Address and lot number (if known)

Petition for CC & R Change Approval

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

\_\_\_\_\_  
Millicent E. Leenhouts

\_\_\_\_\_  
3-13-10

Printed Name(s) of Lot Owners as Appearing on Deed

Date

\_\_\_\_\_  
Lot 26. 180 E. Wong Dr.

\_\_\_\_\_  
Millicent E. Leenhouts

Signature(s)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

MARLOWE - MARAIS LTD PARTNERSHIP 3/8/2010

Printed Name(s) of Lot Owners as Appearing on Deed Date

MARLOWE - MARAIS LTD PARTNERSHIP

PERI SONIA A. MEYERS nee MARLOWE - MARAIS  
480-990-2214 - 6711 E. CAMERBACK RD, N° 65 Lot 13A  
SCOTTSDALE, AZ 85251

Signature(s)

Peri Meyers nee Marlowe-Marris

Address and lot number (if known)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

Printed Name(s) of Lot Owners as Appearing on Deed

Date

Lyman B Brainerd Jr

Ann H Brainerd

Signature(s)

Lyman B Brainerd Jr

3/15/10

Ann H Brainerd

March 15, 2010

Address and lot number (if known)

Lots # 4, 6, 8

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:
- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
  - b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
  - c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

Ida-Meri de Blanc 3/13/2010

Peter de Blanc 3/13/2010

Printed Name(s) of Lot Owners as Appearing on Deed

Date

*Peter de Blanc*

Ida-Meri de Blanc

Signature(s)

13B Calle Taza de Oro

Address and lot number (if known)

**Petition for CC & R Change Approval**

I have read and approve of the Cup of Gold CC&R (lot restrictions) restatement dated 2/25/2010. I understand that this new version of the CC&Rs includes wording, reproduced below, mandated by the Arizona Corporation Commission as needed to support the Cup of Gold Water Company, Inc.'s application for adjudication as "not a public service corporation".

15. All provisions herein shall remain consistent with any corresponding provision governing the Cup of Gold Water Company, Inc. and with all requirements dictated by the Arizona Corporation Commission, which currently include the following:

- a. Each year during August, commencing in 2010, an officer of the Cup of Gold Water Company, Inc. must file annual certification that the Bylaws have not been changed to allow further subdivision of the 39 lots in the three Cup of Gold subdivisions adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements. Owners of multiple lots shall have only one vote. Anyone who is not a customer of the Water Company as defined in the Bylaws cannot be a member of the Water Company.
- b. If, at any time, the bylaws are changed to allow further subdivision of the 39 lots in the adjudication area, to allow an increased number of memberships, to allow for expansion of the area to be served, or to change the equal voting requirements, Cup of Gold will file an application for a Certificate of Convenience and Necessity.
- c. Cup of Gold Water Company, Inc. is responsible for continuing to stay aware and honor obligations under the applicable laws, regulations and orders of other regulatory agencies, including, but not limited to, the ADEQ, ADWR and Yavapai County. Cup of Gold Water Co. agrees to maintain the Water Company at a level that continues to meet these standards throughout the existence of the Water Company, even after receiving the Adjudication Not a Public Service Corporation.

Albert E. Berardi 3/11/10

Darcy R. Berardi 3/11/10

Printed Name(s) of Lot Owners as Appearing on Deed Date

Albert Berardi

Darcy Berardi Lot 13C

Signature(s)

100 Calle Teza de Oro

408-19-012 D

---

Address and lot number (if known)

**Exhibit M**

**Renewal of Articles of Incorporation 1980**

ARTICLES OF AMENDMENT  
TO THE  
ARTICLES OF INCORPORATION  
OF

THE CUP OF GOLD WATER COMPANY, INCORPORATED

Pursuant to the provisions of Title 10, Sections 1034 and 1035, Arizona Nonprofit Corporation Act, the undersigned corporation adopts the attached Articles of Amendment to its Articles of Incorporation:

FIRST: The Name of the corporation is THE CUP OF GOLD WATER COMPANY, INCORPORATED.

SECOND: The document attached hereto as Exhibit A sets forth the amendment to the Articles of Incorporation which were adopted by the members of the Corporation on January 19, 1980, in the manner prescribed by the Arizona Nonprofit Corporation Act.

Third: The resolution of the Board of Directors to amend the Articles of Incorporation was duly adopted by greater than a 2/3 affirmative vote of the members of the corporation on January 19, 1980 in the manner prescribed by the Arizona Nonprofit Corporation Act.

Dated: January 24, 1980.

THE CUP OF GOLD WATER COMPANY, INCORPORATED

BY Freeman Dotson

TITLE President

BY Wallace C. Leininger

TITLE Secretary

STATE OF ARIZONA )

COUNTY OF Cochise

The foregoing instrument was acknowledged before me this 25 day of Jan, 1980, by Freeman Dotson and Wallace Leininger, President and Secretary, respectively, of THE CUP OF GOLD WATER COMPANY, INCORPORATED, an Arizona Corporation, on behalf of said corporation.

My commission expires:

My Commission Expires Oct. 16, 1981

Barbara Upshur  
Notary Public